



State of California  
**Employment Training Panel**

Training Proposal for:  
**Penske Truck Leasing Company, LP**

**Agreement Number: ET09-0192**

Panel Meeting of: **July 25, 2008**

ETP Regional Office: **San Francisco Bay Area**

Analyst: D. Woodside

**PROJECT PROFILE**

Contract Type: SET Frontline - Retrainee      Industry Sector(s): Transportation/Services

Counties Served: Statewide      Repeat Contractor: ☐ Yes ☒ No

Union(s): ☒ Yes ☐ No      Priority Industry: ☐ Yes ☒ No  
Teamsters Local Union No. 495 and  
Machinists District Lodge 190

No. Employees in CA: 917      No. Employees Worldwide: 20,000

Turnover Rate %	Manager/ Supervisor %
6%	0%

**FUNDING DETAIL**

Program Costs	Substantial Contribution	Total ETP Funding	In-Kind Contribution
\$490,050	\$0	\$490,050	\$894,825

**TRAINING PLAN TABLE**

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	SET Frontline Retrainee	Business and Commercial Skills	726	24-200	0	\$675	\$23.36
				Weighted Avg: 45			

**Minimum Wage by County:** \$23.36 per hour statewide (SET Frontline Workers)

**Health Benefits:** ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

**Used to meet the Post-Retention Wage?:** ☒ Yes ☐ No

\$3.44 per hour may be used to meet the Post-Retention Wage.

**Other Benefits:** 401 (K), life insurance, and accidental death and dismemberment insurance.

Wage Range by Occupation	
Occupation Title	Wage Range
Technician	
Customer Service Representative	
Clerk (parts ordering)	

**INTRODUCTION**

In this proposal, Penske Truck Leasing Company, LP (Penske) seeks funding for retraining its frontline workers employed at over 58 locations throughout California. This project utilizes Special Employment Training (SET) funds for the retraining of frontline workers earning the state average hourly wage.

Penske, started in 1969, is a nationwide transportation solutions company providing three lines of service: rental, leasing and maintenance. As it relates to rental, trucks are provided to commercial customers for local or long distance moves. The leasing service focuses on long term solutions for local businesses and corporate businesses. The maintenance department provides preventative maintenance and repairs for Penske trucks leased to customers or customer-owned trucks.

Penske does not face out-of-state competition because the employees being trained only provide services for in-state business operations. For this reason funding would be provided under SET. Customers based in California include E & J Gallo Wine, Core-Mark International, Central Garden & Pet Company, Bi-Rite Foodservice, Netflix, Express Messenger Systems, McClatchy Newspapers, Longs Drug Stores, Vistar Corporation, and Odwalla.

Penske states that it is committed to exceeding customer satisfaction and retaining its workforce. Thus, the company is requesting the Panel's assistance to implement a high

performance workplace that allows frontline workers to problem solve and be involved in the decision making process. In addition, employees must be retrained to operate the newest equipment using the latest technology.

### **Green Business Operations**

Penske states that it has been one of the more proactive companies in “going green”, including its support of research and engine usage that is more environmentally-friendly. This includes training its employees when customers are moving from diesel fuel to compressed natural gas. For instance, one of the local offices has a contract with the City of San Jose to service its new CNG (compressed natural gas) buses. These 34 buses were built by Newflyer. In fact, each technician that is responsible for these buses will receive 20 hours of skills training on this new engine. In addition, all Penske operations are exceeding environmental standards in the recycling of all waste, water, and oils. Penske representatives report that the company has also invested in new buildings in Sacramento, Temecula, and Fairfield that are energy efficient and the company is updating its existing buildings to be more green-friendly.

Penske’s primary goal in this extensive retraining effort is to provide training to retain and increase its California workforce and customers. For example, in San Francisco, Penske has increased from 80 employees to a total over 200; in Los Angeles, total employment has increased by over 120 employees in the previous two years. The company has also expanded its Fresno/Bakersfield district by adding new satellite locations in Santa Maria.

### **PROJECT DETAILS**

Each trainee will receive individualized classroom/laboratory training ranging from 24-200 hours in either Commercial or Business skills as described below. Trainees will include technicians, customer service representatives, and clerks.

**Commercial skills** training will enable technicians to adapt to any type of engine, standard or part by learning all aspects of preventive maintenance and the use of the latest technologies. Training will also cover state-of-the-art diesel electric trucks which are becoming more popular with California customers and the newly-launched Nexiq diagnostic computer software which utilizes wireless computer technology to aid in troubleshooting and streamlining processes.

**Business skills** training will focus on customer service and leadership skills. For example, the leadership training is intended to take front line technicians beyond the day-to-day activities of shop management. It is designed to hone the business skills needed as Penske continues to increase the number of locations in California. Modules have been developed to improve skills in building relationships with customers, solving problems effectively, communicating to achieve agreement, understanding the customer, explaining your views, handling barriers, and investigating solutions.

### **Union Support**

Of the 726 trainees targeted for retraining, 494 or 68% are covered by collective bargaining agreements. Of the workers covered by an agreement, 398 are members of the Teamsters; and 96 are members of the Machinists Union. Letters of support have been submitted from the Teamsters Automotive, Industrial and Allied Workers Local Union No. 495 and the Machinists Automotive Trades District Lodge 190.

**Special Employment Training**

SET funds are limited to 10% of the training funds available each year. However, under SET, the company is not required to demonstrate out-of-state competition, and the trainees are not required to meet eligibility standards for retraining. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period. (Unemployment Insurance Code 10214.5. Title 22, California Code of Regulations, Section 4409(a).) This proposal has been identified for SET funds because individual Penske locations in California may not meet out-of-state competition.

**Commitment to Training**

According to Penske representatives, ETP funding will not displace any existing training resources. Penske provides new-hire orientation, on-the-job training, anti-harassment, workplace ethics, leadership skills, professional development and apprenticeship programs. Its current annual training budget is \$748,324.25. This training will continue at the company's expense. Additionally, Penske represents that safety training is and will continue to be provided in accordance with all pertinent requirements under state and federal law.

Over the past several years, company representatives report that Penske, through new business/customers, acquisitions and hiring, has created a substantial need to standardize practices, procedures, and technical approaches that have previously been taught in a limited and unstructured way. Penske representatives report that the effect of ETP funds will be to allow the company to implement formal, structured training programs to upgrade the skills of its frontline workers, develop leaders, and implement standardized processes. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment to training.

**RECOMMENDATION**

For the reasons set forth above, staff recommends approval of this proposal.

**DEVELOPMENT SERVICES**

Penske staff developed its own company's application.

**ADMINISTRATIVE SERVICES**














Penske will conduct its own administration.

**TRAINING VENDORS**

Training will primarily be conducted by in-house trainers.

**Exhibit B: Menu Curriculum****Class/Lab Hours**  
**24-200****COMMERCIAL SKILLS**







Skills to increase mechanic ability

-  Refrigeration Skills (608 Certification/609 Certification)
-  Preventive Maintenance Training
-  Suspensions & Axles
-  Thermo King
-  Penske Consumer Rental De-Identification Video
-  Preventive Maintenance Procedures for Fontaine No-Slack II Fifth Wheels
-  Rebuild Procedures for Fontaine No-Slack II Fifth Wheels
-  ServiceNet Training
-  Smoke Inspection Training
-  Nexiq Diagnostic Computer Training
-  Fuel Island Training POS
-  Rental Check In Training
-  Fork Lift Training






Skills to keep mechanics up to date on latest technology

-  Allison
-  Arvin Meritor
-  Bendix
-  Cummins
-  Caterpillar
-  Delco Remy
-  Detroit Diesel
-  Eaton, Fontaine
-  Freightliner
-  GMC
-  Goodyear
-  Hino
-  Horton
-  International
-  Maxon
-  Thermo King
-  Waltco
-  Carrier Transicold
-  Freightliner USA
-  Freightliner Canada
-  Mack
-  Maxon
-  Bridgestone/Firestone
-  Eaton

**Business Skills****Customer Service**

-  Customer Service Representative Training
-  Valuing Customers
-  Negotiation Skills
-  Influencing Skills To Build Customer Relationships, Network, Resolve Conflict, And Influence In A Positive Way
-  Business Writing
-  Presentation Skills

**Business Performance**

-  Service Dept Message Pads (A Proprietary Process To Communicate Between Customers, Employees And Managers Information About Repair Orders, Emergency Road Calls And Customer Complaints)
-  Inventory Control (Parts Net)
-  Productivity (Service Net)
-  Maintenance Leadership Training
-  Six Sigma Green Belt Training

# TEAMSTERS AUTOMOTIVE, INDUSTRIAL AND ALLIED WORKERS LOCAL UNION No. 495

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R.M. "BOB" LENNOX  
Secretary-Treasurer



RIGOBERTO "RIGO" TIRADO  
President

June 17, 2008

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL**  
1100 "J" Street  
Sacramento, CA 95814

To Whom It May Concern:

It is my understanding that Penske Truck Leasing is preparing an application for submission to the State of California Employment Training Panel for funding of training exercises. On behalf of the California Teamsters Local Unions Signatory to the Master Agreement, we fully support these training programs.

This training plan has been reviewed jointly by labor and management and will assist in developing new skills to advance the workforces.

Thank you for your consideration of the proposal. Please feel free to contact me if you need further assistance.

Regards,

A handwritten signature in black ink, appearing to read "Bob Lennox".

Bob Lennox, Chairman  
Western Region Penske Master  
Negotiating Committee

cc: Locals 150, 481, 665 and 853



# MACHINISTS AUTOMOTIVE TRADES

## DISTRICT LODGE No. 190

7717 Oakport Street, Oakland, CA 94621 (510) 632-3661 Fax (510) 632-4171

JAMES H. BENO, Directing Business Representative

July 2, 2008

ET09-0192

State of California  
Employment Training Panel  
1100 J Street, 4<sup>th</sup> Floor  
Sacramento, California 95814

Re: Penske Program Funding

Gentlemen:

Penske Truck Leasing is preparing an application to the State of California Employment Training Panel for funding of a mechanics training program. District Lodge 190 and our affiliated Local Lodges 1101, 1414, 1546 and 2182 have collective bargaining agreements with Penske Truck Leasing covering the employees who will be trained under the Company's proposal to the Employment Training Panel. We wish to convey our wholehearted support for this training grant and urge your approval of the application for funding of this program.

The training outlined in the grant proposal has been reviewed jointly by labor and management and will greatly assist in developing new skills to advance and enhance the current skill sets of the Penske workforce.

Again, we urge your support and funding of this worthwhile program. Thank you for your attention to this matter.

Sincerely,

James H. Beno  
Directing Business Representative  
District Lodge 190  
International Association of  
Machinists & Aerospace Workers

cc: Brandon, 1414  
Crosatto, 1546  
Martin, 2182  
Schwartz, 1101  
Thientran Bach, Penske